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United Nations

Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Programme budget 2008-2009

General Assembly
Official Records
Sixty-second Session
Supplement No. 13A (A/62/13/Add.1)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

[6 August 2007]

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Chapter I
Introduction to the 2008-2009 biennium budget

1. The United Nations Relief and Works Agency (UNRWA or the Agency), was established in 1949 as a subsidiary organ of the United Nations with a mandate "to carry out direct relief and works programmes" for Palestine refugees. The UN General Assembly has repeatedly renewed UNRWA's mandate thereby acknowledging that it is essential for the international community to continue addressing the needs of Palestine refugees. As a United Nations agency, UNRWA is under an obligation to abide by the UN Charter and other international instruments, including those devoted to the promotion of human rights.

MISSION

2. The Agency's mission is to help Palestine refugees achieve their full potential in human development terms under the difficult circumstances in which they live. Palestine refugees should:

   a) Have long and healthy lives;

   b) Acquire appropriate knowledge and skills;

   c) Enjoy a decent standard of living; and

   d) Enjoy human rights to the fullest extent possible.

3. UNRWA's purpose can be summed up in three words: *Serving Palestine refugees*. Palestine refugees are the focus of the Agency's thinking, planning and activities. Promoting their interests as individuals with rights and entitlements under international law and ensuring their well-being and long-term human development are the engines that will continue to drive all aspects of UNRWA's activities.

4. Although UNRWA is a principal agent for the human development of Palestine refugees in the West Bank, the Gaza Strip, Jordan, the Syrian Arab Republic (Syria) and Lebanon, the Agency is not the only organization whose activities contribute to the human development of Palestine refugees. UNRWA does not, for example, engage in activities in the areas of tertiary education, rule of law or security. The Agency's identity remains that of a public service organization that provides essential services to Palestine refugees in the areas of relief and works as well as the direct delivery of education (Millennium Development Goal (MDG) 2), health (MDGs 4, 5 and 6), relief and social services (MDG 1), infrastructure (MDG 7) and microfinance (MDGs 1 and 3). These will continue to be the main programmes through which services are delivered. The Agency will also maintain its emergency response activities for which there has been an increased need in recent years in some fields.

5. During 2008-2009, UNRWA will ensure that its programmes are delivered in accordance with the Agency's commitment to inclusion, protection, gender equality, and support for vulnerable groups.

   a) "Inclusion" is an overarching theme which is the criterion by which the Agency designs its approach to service delivery. In the UNRWA context, inclusion means ensuring that no group of the refugee population is, because of gender, age, socio-economic status, physical/mental ability, less able to access UNRWA's services than any other group.

b) "Incorporating protection strategies" is a second overarching theme which must be reflected in everything the Agency does. Protection encompasses activities that are geared towards obtaining full respect for the rights of refugees under relevant international law. The Agency continues to develop a protection strategy which focuses on clarifying the actions, rights and legal precepts that are germane to UNRWA's mandate and to the Agency's specific operational context. The strategy will seek to maximize the points of intersection between the human development and human rights paradigms.

c) "Caring for the vulnerable" through the identification, and specific tailoring, of services to especially vulnerable groups within the Agency's refugee populations. The Agency will continue to focus on alleviating poverty among poor Palestine refugees in the short to medium term and building their human capacity in the long term. In addition to addressing the needs of the abject poor, the Agency will concentrate on providing targeted support to children with special educational needs by furnishing specialist teaching support to persons with disabilities and by providing community based rehabilitation support.

d) "Ensuring gender equality" (MDG 3) through the mainstreaming of a gender perspective into all activities and policies and through fostering an institutional culture that is both gender sensitive and gender-responsive.

e) "Protecting the Environment" through a better understanding and awareness of the environmental impact of operations and attempting to minimise negative impacts. This is an area that the Agency will be able to explore only with additional funding.

6. In order to bring about effective human development outcomes, the Agency will be driven by:

a) The need to provide excellence and quality;

b) Participation of and consultation with our stakeholders;

c) Decentralization, empowerment and a focus on delivery in the field;

d) Evidence based planning and needs based service delivery;

e) Integration and coordination of planning leading to a holistic approach to service delivery;

f) Innovation and responsiveness; and

g) Effective partnerships with beneficiaries and coordination with other service providers.

SCOPE AND SCALE

7. UNRWA is currently mandated to serve an estimated 4.6 million refugees (compared to 750,000 in 1950) in its five fields of operation. UNRWA has more than 32,000 staff posts. The current budgeted cost of recurrent activities is $1,093 million.

Some key features of UNRWA's operational environment include:

a) Over 50 per cent of the refugee population is below the age of 25;

b) Relative to global and regional standards, labour force participation rates are low. In the 20-24 year age group participation in the five fields of operation ranges from 51 per cent to 57 per cent;

c) Population density in refugee camps is extremely high by global standards;

d) Two-thirds of refugees now live outside refugee camps;

e) Use of UNRWA services differs considerably among the fields of operation;

f) UNRWA is the main regular service provider of basic health care services in all fields;

g) There are an estimated 485,000 refugee children of primary school age in UNRWA schools; and

h) There are approximately 250,000 registered Special Hardship Cases (SHCs) in 2007 compared to 90,000 in 1983.

8. The function of the five Programme Departments (Education, Health, Relief and Social Services, Microfinance and Infrastructure and Camp Development) is to develop policies and quality standards, prepare programme strategies, and provide support for monitoring, advice and performance evaluation. Programme strategies are implemented through the five field offices whose function is to operationalize the programme strategies within an overarching framework of enhancing human development and according to the needs and priorities of their respective refugee populations. Both programmes and field operations incorporate precepts from the various thematic areas.

9. A number of basic services are available to all refugees in all fields: primary education, technical and vocational training, comprehensive primary health care, and relief for impoverished families. There are also other activities which are undertaken according to unmet needs in specific circumstances, such as the provision of secondary education in Lebanon. Activities in this category will continue to be tailored to local needs and conditions allowing for different delivery modalities from field to field. The emphasis is on effectiveness and appropriateness in different environments.

10. UNRWA's Regular Budget for the 2008-2009 biennium comprises recurrent staff and non-staff costs. It is further divided into cash and in-kind portions. The cash budget is funded through cash contributions recorded as income to the General Fund (GF). The in-kind budget represents the value of donations that the Agency expects to receive based on agreements with donors or past practice.

11. The projects budget comprises mainly non-recurrent costs for funding by earmarked contributions. Only projects for which earmarked funds are received are implemented.

12. The projects budget has been included in the budget summary (see Table 1) at $114.4 million as this reflects consistent historical funding levels. However, for the purposes of transparency, the actual project funding requirements which are considerably higher are listed in separate Programme budgets. Therefore, the 2008-2009 budget does not represent the totality of the Agency's needs for the biennium. Planning for the emergency appeals is conducted on a six monthly or annual basis and does not lend itself to inclusion in the budget. During the biennium, the Agency will present potential donors with funding proposals from the projects budget.

13. Although UNRWA prepares its budget on a biennial basis, operations are financed on an annual basis. Accordingly, the budget reflects both biennial and annual aspects.

THE BUDGET PROCESS

14. The budget preparation exercise involves attaching monetary values to the Agency's strategic aims within the realistic confines of the Agency's capacity. Field Offices calculate the cost of operationalizing the programme strategies within the overall framework of enhancing human development and according to the needs and priorities of their respective refugee populations. Field Offices estimate the financial resources required for UNRWA to provide services that, as far as possible, meet relevant international and national standards.

15. This phase of the budgetary exercise includes special provisions to; integrate and enhance new outcome-related service delivery requirements, implement government decrees promulgated by the host authorities, address unmet basic priority needs of a recurrent nature, respond to other stakeholder requirements and allow for general increases in the costs of activities. This stage of the budget preparation process takes account of the following information:

a) Estimates of the cost of delivering services at current levels and at current prices;

b) Estimates of the impact of increasing costs of service delivery as a result of increases in the cost of inputs or the consequences of having to deliver services in a complex political environment; and

c) Estimates of the costs of necessary additions to the current level of service which may be driven by increases in refugee numbers, emerging needs or the need to undertake other planned investments to maintain, for example, our infrastructure or staff capacity.

16. The main drivers of financial requirements for the Agency are refugee numbers, progress against quality standards, increases in the costs of service delivery, the scale of humanitarian and emergency relief, and the costs of planned maintenance and development projects.

17. Under-funding presents a significant risk to the achievement of the Agency's performance indicators and targets. The Agency, host authorities and donors, are all well aware of the negative impact that under-funding can have on the quality of services delivered.

CURRENT PLANNING SCENARIOS AND ASSUMPTIONS

18. UNRWA operates in a turbulent region buffeted by the Arab-Israeli conflict and its consequences in terms of episodes of violence and a worsening socio-economic situation. Emergency conditions, especially in the Gaza Strip and the West Bank, impose heavy operational and financial burdens on the Agency, threatening the sustainability and quality of UNRWA services and necessitating emergency appeals, which complement the fundraising activities for the regular budget.

19. During the 2008-2009 biennium, there will be a continuing need for UNRWA to maintain operations at least at the same levels as in 2006-2007.

20. UNRWA expects a gradual increase in the number of registered refugees. Despite efforts by the Agency to make internal efficiency savings, it is inevitable that resource requirements will continue to increase.

21. In addition to economic, social and security risks, the Agency's services are also vulnerable to changes in funding levels of donor countries as well as changes in the ability of host authorities to assist in the serving of Palestine refugees.

22. Service delivery to refugees in the areas of education, health, relief, social services, microfinance, microenterprise and infrastructure – and staff costs in particular - now consume the majority of the budget. This leaves an ever smaller amount of funds for investing in improving the quality of UNRWA's services. As a consequence, the Agency has very limited scope for change.

23. The staffing review being conducted under the Agency's Organizational Development (OD) initiative will identify whether the Agency is using its staff in the most cost-effective manner. However, in light of a growing refugee population, any reforms will, at best, have a marginal short-term impact on the Agency's scope for change.

PRIORITIES AND FUTURE DIRECTION

24. The Agency's strategic **priorities** reflected in the 2008-2009 budget are:

a) Maintaining the service levels of the 2006-2007 biennium in all basic services;

b) Critically reviewing the way in which the Agency currently operates to identify performance improvements and improve the quality and impact of its services; and

c) Planning for some key programme improvements without which the scope and quality of programming, services and facilities will be at risk of further deterioration.

25. The Agency's **direction** is to build the foundations for developing a comprehensive strategy for 2010-2015. The budget for 2010-2011 will be founded on further development of on-going initiatives in a number of areas including:

a) Further development and implementation of the Agency's programme management systems, thereby allowing a comprehensive assessment and evaluation of refugee needs and the Agency's performance vis-à-vis these needs;

b) An assessment of the services and activities which the Agency undertakes, and the environment in which they are offered, to develop a more detailed understanding of their respective contributions to enhancing human development;

c) Identifying sets of core and non-core services which will give a clearer framework for performance measurement, efficiency and effectiveness reviews and the prioritisation and allocation of scarce budgetary resources;

d) Developing a comprehensive framework of service delivery and quality standards in all areas of the Agency;

e) More efficient service delivery methods through placing greater emphasis on holistic, inter-disciplinary approaches in both planning and implementation, and through building partnerships;

f) Strengthened internal capacity and processes (including an approach to resource allocation based on achieving Human Development (HD) outcomes), and

g) Further increasing the level of consultation and participation in the planning process with the Agency's stakeholders.

26. Those initiatives will be accomplished, in large part, in the context of the Agency's management reform initiative or Organizational Development process[1] which is due to be completed in late 2009. The aim of the OD process is to ensure sustained internal capacity for operations management and delivery and is designed to strengthen UNRWA's capacity to serve Palestine refugees more effectively and efficiently. The OD process contains a number of initiatives grouped around four key levers of change:

a) Human resources management;

b) Leadership and management;

c) Organizational processes; and

d) Programme management.

27. These levers are mutually reinforcing and together they will bring about the systematic change that the OD process aims to achieve. The starting point for improvement of management and decision making capacity will be the refinement of planned outcomes to enhance human development and a detailed statement of the goals, priorities and performance targets. This will provide a guiding framework for all decision making and planning.

28. A Programme Management Cycle (PMC) approach will be introduced to provide for an integrated, comprehensive, strategic and results-based approach to the way the Agency manages its programmes, projects and other interventions. It will:

a) Improve participatory assessments and continuous diagnosis of data;

b) Improve the monitoring of our interventions on a regular and systematic basis;

c) Ensure data collection, data analysis and monitoring and evaluation activities are being fed into programme development and delivery; and

d) Further develop the Agency's information management system.

The PMC will be gradually developed and applied during the period 2007-2009.

[1] The OD initiative is described in the document "*Serving Palestine Refugees More Effectively: Strengthening the Management Capacity of UNRWA*".

UNRWA's ORGANIZATIONAL CHART BY DEPARTMENT

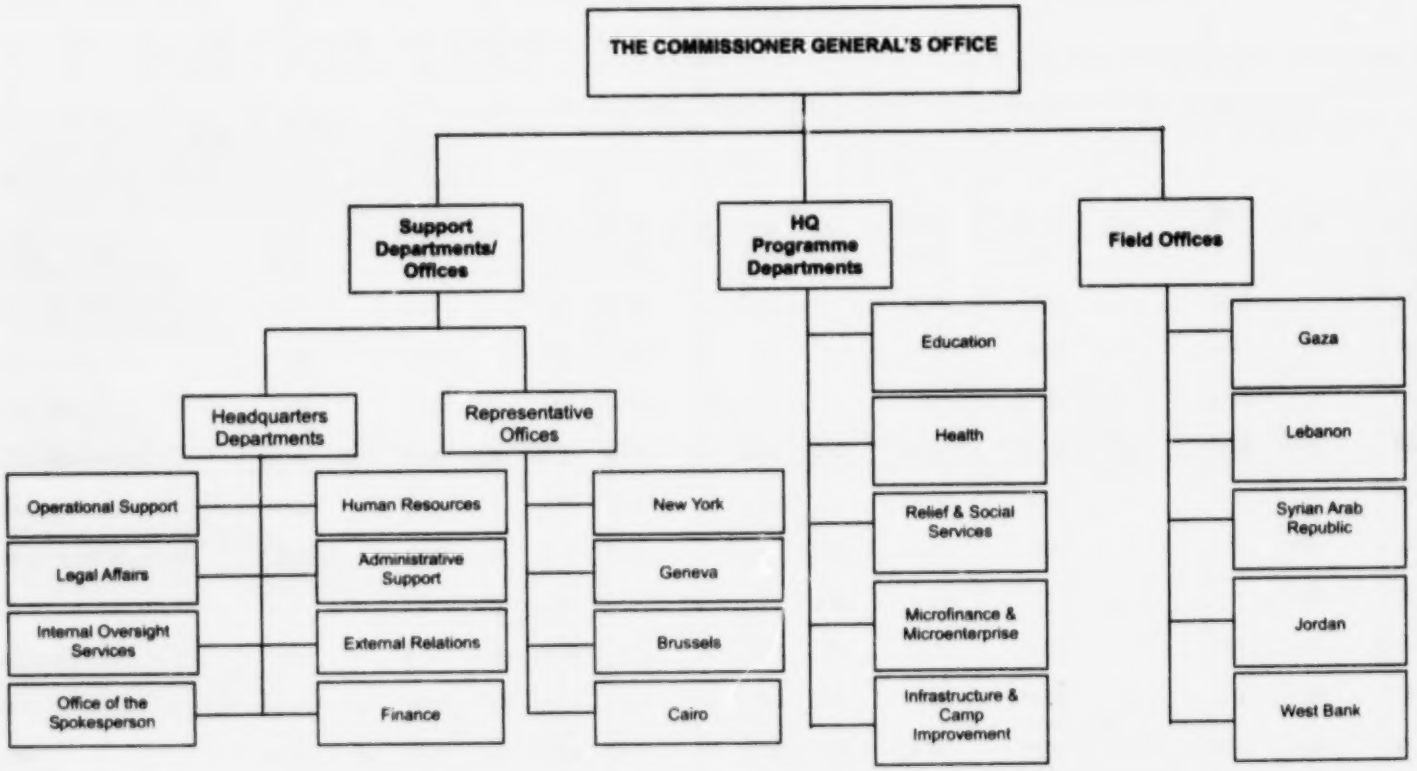


Table 1: Summary of 2008-2009 Total Budget Volume

(in thousands of United States dollars)

PROGRAMME	2008 Fiscal Year					2009 Fiscal Year					2008-2009 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash	In-Kind	Total			Cash	In-Kind	Total			Cash	In-Kind	Total		
Education	281,145	475	281,620	21,874	303,494	283,026	481	283,507	14,719	298,226	564,171	956	565,127	36,593	601,720
Health	103,737	2,366	106,103	4,030	110,133	102,958	2,481	105,439	3,554	108,993	206,695	4,847	211,542	7,584	219,126
Relief & Social Services	53,347	-	53,347	851	54,198	53,527	-	53,527	446	53,973	106,874	-	106,874	1,297	108,171
Microfinance & Microenterprise Programme	-	-	-	12,671	12,671	-	-	-	16,186	16,186	-	-	-	28,857	28,857
Infrastructure & Camp Improvement	10,748	-	10,748	17,375	28,123	10,565	-	10,565	22,696	33,261	21,313	-	21,313	40,071	61,384
Support Services Department	74,322	-	74,322	-	74,322	71,060	-	71,060		71,060	145,382	-	145,382	-	145,382
Total Programme Requirements	**523,299**	**2,841**	**526,140**	**56,801**	**582,941**	**521,136**	**2,962**	**524,098**	**57,601**	**581,699**	**1,044,435**	**5,803**	**1,050,238**	**114,402**	**1,164,640**
Contingency Requirements	1,431	-	1,431	-	1,431	1,427	-	1,427	-	1,427	2,858	-	2,858	-	2,858
Area Staff Separation Benefits	5,078	-	5,078	-	5,078	5,078	-	5,078	-	5,078	10,156	-	10,156	-	10,156
Salary Increase Requirements	12,000	-	12,000	-	12,000	18,000	-	18,000	-	18,000	30,000	-	30,000	-	30,000
Total Other Requirements	18,509	-	18,509	-	18,509	24,505	-	24,505	-	24,505	43,014	-	43,014	-	43,014
Total Resource Requirements	**541,808**	**2,841**	**544,649**	**56,801**	**601,450**	**545,641**	**2,962**	**548,603**	**57,601**	**606,204**	**1,087,449**	**5,803**	**1,093,252**	**114,402**	**1,207,654**

Notes:

1. For presentation purposes and only in this section of the budget, the projects budget has been capped at $114.4 million to reflect expected realistic funding levels. Nonetheless, the Agency's actual project funding requirements are significantly greater and these are included in the detailed Programme Budget narrative.

2. The project budget includes $0.1 million each year funded from the income generated by the Microcredit and Savings Programme (MCSP) and $6.7 million in 2008 and $7.5 million in 2009 funded from Microfinance and Microenterprise Department (MMD).

3. The above figures do not include the budget for Organizational Development of $10.5 million in 2008 and $10.6 million in 2009.

TABLE 2: REGULAR BUDGET REQUIREMENTS BY FIELD

(Cash and In-Kind, in thousands of United States dollars)

Field	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	Resource Growth	
				Amount	%
Gaza Strip	225,824	297,098	327,611	30,513	10.27
Lebanon	106,055	114,814	140,993	26,179	22.80
Syrian Arab Republic	57,527	63,864	91,855	27,991	43.83
Jordan	166,238	179,262	229,175	49,913	27.84
West Bank	120,032	145,517	177,325	31,808	21.86
Headquarters Amman	21,204	28,513	51,304	22,791	79.93
Headquarters Gaza	26,629	28,365	31,975	3,610	12.73
Sub-total	**723,509**	**857,433**	**1,050,238**	**192,805**	**22.49**
Contingency Requirements*	-	-	2,858	2,858	-
Area Staff Separation Benefits*	-	-	10,156	10,156	-
Salary Increase Requirements*	-	-	30,000	30,000	-
Sub-total	**-**	**-**	**43,014**	**43,014**	**-**
Total Resources Requirements	**723,509**	**857,433**	**1,093,252**	**235,819**	**27.50**

* Comparative figures for 2004-2005 and 2006-2007 are not included as they are already allocated in the respective fields' expenditure above.

FIGURE 1: REGULAR BUDGET REQUIREMENTS BY FIELD

(Cash and In-Kind, in thousands of United States dollars)

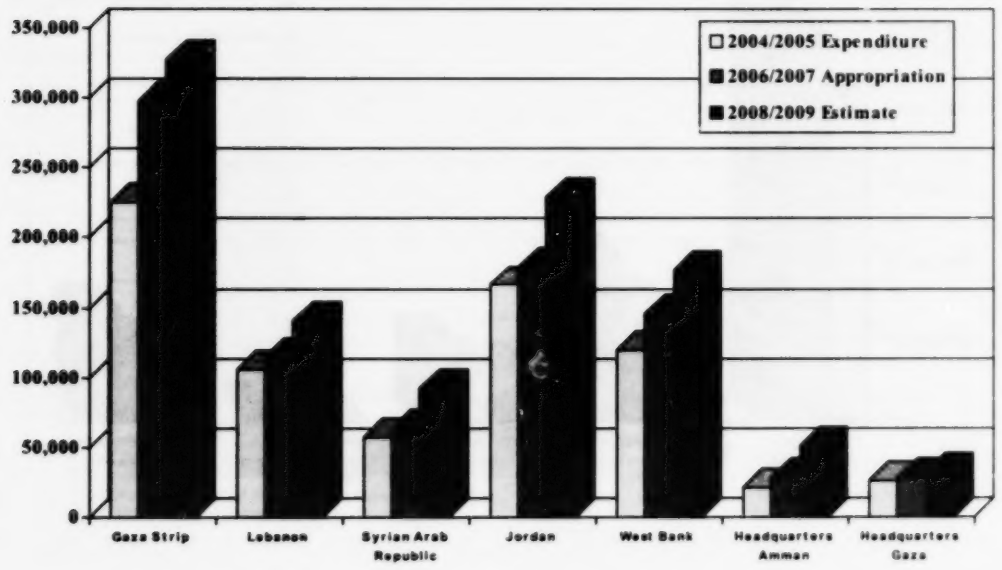


Table 3 - REGULAR BUDGET REQUIREMENTS BY PROGRAMME

(In thousands of United States dollars)

Programme	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	Resource Growth	
				Amount	%
Education Programme	417,482	500,438	565,127	64,689	12.93
Health Programme	130,788	160,209	211,542	51,333	32.04
Relief & Social Services Programme	67,639	77,596	106,874	29,278	37.73
Infrastructure & Camp Improvement Department	7,124	9,143	21,313	12,170	133.11
Support Services Departments	100,476	110,047	145,382	35,335	32.11
Sub-total	**723,509**	**857,433**	**1,050,238**	**192,805**	**22.49**
Contingency Requirements*	-	-	2,858	2,858	-
Area Staff Separation Benefits*	-	-	10,156	10,156	-
Salary Increase Requirements*	-	-	30,000	30,000	-
Sub-total	-	-	**43,014**	**43,014**	-
Total Resources Requirements	**723,509**	**857,433**	**1,093,252**	**235,819**	**27.50**

* Comparative figures for 2004-2005 and 2006-2007 are not included as they are already allocated in the respective programmes' expenditure above.

FIGURE 2: REGULAR BUDGET REQUIREMENTS BY PROGRAMME

(Cash and In-Kind, in thousands of United States dollars)

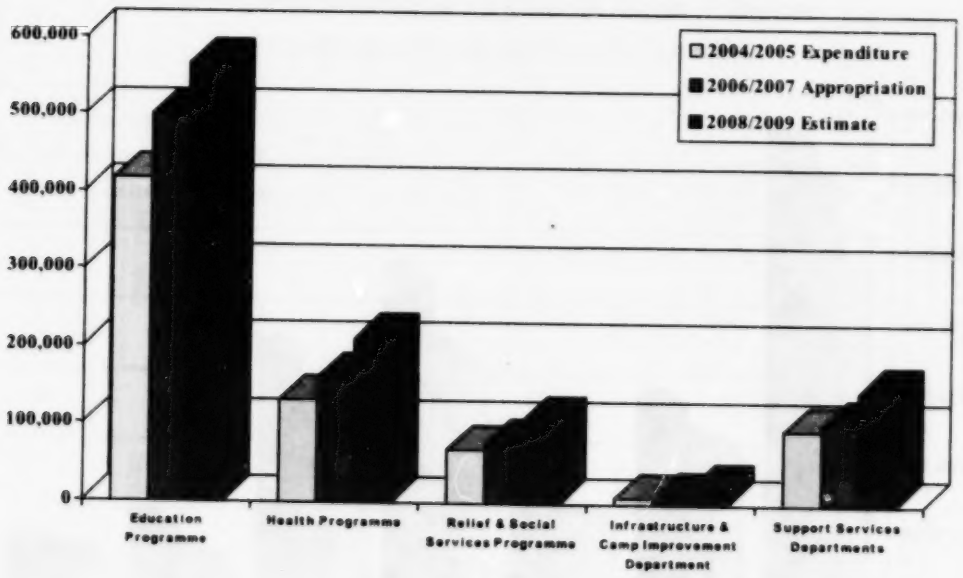


Table 4- REGULAR BUDGET REQUIREMENTS BY CATEGORY OF EXPENDITURE

(In thousands of United States dollars)

Category	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	Resource Growth	
				Amount	%
International Staff Costs	37,143	42,570	52,225	9,655	22.68
Area Staff Costs	495,768	598,655	703,088	104,433	17.44
Services	40,383	46,159	66,354	20,195	43.75
Supplies	79,872	91,907	110,357	18,450	20.07
Equipment & Construction	26,123	33,506	45,488	11,982	35.76
Premises	14,089	15,491	26,236	10,745	69.36
Grants & Subsidies	30,131	29,145	42,900	13,755	47.20
Unallocated Items	-	-	3,590	3,590	-
Sub-total	**723,509**	**857,433**	**1,050,238**	**192,805**	**22.49**
Contingency Requirements*	-	-	2,858	2,858	-
Area Staff Separation Benefits*	-	-	10,156	10,156	-
Salary Increase Requirements*	-	-	30,000	30,000	-
Sub-total	**-**	**-**	**43,014**	**43,014**	**-**
Total Resources Requirements	**723,509**	**857,433**	**1,093,252**	**235,819**	**27.50**

* Comparative figures for 2004-2005 and 2006-2007 are not included as they are already allocated in the respective categories of expenditure above.

FIGURE 3: REGULAR BUDGET BY CATEGORY OF EXPENDITURE

(Cash and In-Kind, in thousands of United States dollars)

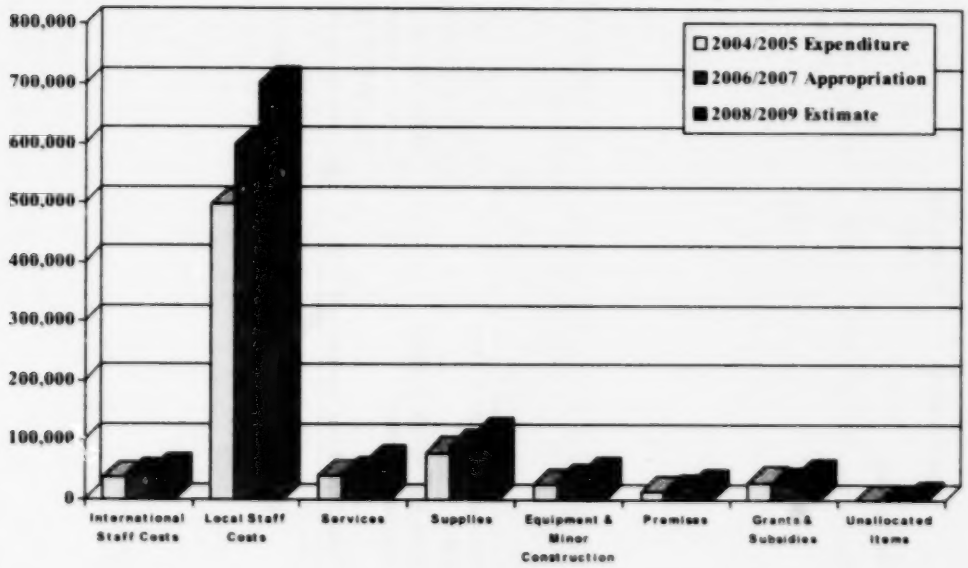


Table 5: Regular Budget 2008-2009 (Major increases over 2006-2007 Appropriations*)

The overall growth of the 2008-2009 biennium budget over the 2006-2007 budget is $235.8 million. The following table summarizes these increases with the associated explanations:

Cost category	Increases $m	Explanation
Staff Costs		
Additional Area Staff posts	66.6	This includes an additional 3,257 posts. Education Programme • Implementation of host authority curricula; • Improved student : teacher ratios; • Adapting Vocational Training centre curricula to labour market needs; and • Increased training in human rights, tolerance and conflict resolution. Health Programme • Improved doctor : patient ratios in clinics; • Improved utilization and access to medical services; and • Improved camp environmental conditions for refugees. Relief & Social Services Programme • Improved Social worker : client ratios; and • Improved Special Hardship Case support.
Annual Increment & other costs	54.5	This is a provision for an average annual increment for area staff of 2.5 per cent and the increase in other costs including separation benefits costs.
Area Staff salary Increase	30.0	This is a provision for biennium salary increases to be assessed through salary surveys.
International Staff	9.7	This is in respect of 20 additional posts which will be filled only if UN or donor funding is received. The additional staff will enhance the Agency's management and evaluation capabilities.
Total Staff Cost Increase	**160.8**	In accordance with the goals of the OD initiative.

* Appropriations are comprised of 2006 actual expenditure plus the 2007 budget allotment.

Non-Staff Costs	$m	Explanation
Services	20.2	The primary increase is in hospital services due to increases in hospital prices and expected number of patients. Other factors contributing to the increase include training, travel and communication costs which have increased across all fields to enhance management capabilities and include human rights, conflict resolution and Convention on Rights of the Child training.
Supplies	18.4	The increase is due mainly to medical supplies and basic commodities which will be substituted for some food items as well as an increase in number of beneficiaries and general price increases.
Equipment and Construction	11.9	The increase is primarily due to construction requirements to meet the needs for additional facilities which will be addressed by the recently formed Infrastructure and Camp Improvement Programme. Further increases are for replacement of obsolete computers and transport as well as the renewal of software licenses.
Premises	10.7	Maintenance has been under-budgeted for several years due to funding constraints which has resulted in a marked deterioration in schools, clinics, offices and distribution centres. The maintenance budget aims to bring facilities up to minimum standards essential for optimum use and safety of facilities.
Subsidies	13.8	The increased in subsidies is to provide a more "needs based approach" to Special Hardship Cases by meeting actual requirements of the most vulnerable Additional funding is also required to address unmet health needs of refugees regarding access to hospitals.
Total Non-Staff Cost Increases	**75.0**	
Total Increase	**235.8**	

STAFFING TABLE

29. Through Resolution 3331 B (XXIX) of 17 December 1974, the General Assembly decided that the expenses relating to the emoluments of international staff in the service of UNRWA, which would otherwise have been charged to voluntary contributions, should be provided for under the UN's regular budget with effect from 1 January 1975 for the duration of the Agency's mandate.

Table 6: International Staffing Requirements - 2008-2009

Post Grade	UN Regular Budget	Other Sources
A) Professional & Above		
USG	1	-
ASG	1	-
D2	2	2
D1	12	4
P5	19	6
P4	45	22
P3	22	20
P2/P1	2	9
Sub-total (A)	**104**	**63**
B) General Services	11	1
Sub-total (B)	**11**	**1**
Total (A+B)	**115**[1]	**64**

[1] Includes two posts (1-P4 and 1-P3 out of the additional twenty posts required) that will be funded by UN/NY as of 1 January 2008.

30. The 64 posts funded from other sources in Table 6 above include 32 posts funded by project funds, nine Junior Professional Officers (JPOs) funded by governments, two posts funded by UNESCO, two posts funded by WHO, one post funded by the MMD and 18 posts (three D-1, three P-5, eleven P-4 and one P-3) included in respect of the Agency's total requirements for potential funding from the UN regular budget or through earmarked donor funding.

31. The Agency has requested adjustments to the Staffing Table, establishing 20 new posts necessary for the Agency to achieve the goals described in the OD plan. In this regard, the OD process recognizes, at its core, that the Agency's goals cannot be achieved without an injection of more internationally qualified personnel. These posts will account, in part, for gaps created in a streamlining exercise undertaken in 1993 when the Agency's headquarters moved from Vienna to Gaza on the assumption, created by the Oslo Accords between the Government of Israel and the Palestine Liberation Organization that a solution to the Palestine refugee problem was in sight.

32. The 20 posts are essential to meet the Agency's need to:

a) Establish and implement a Programme Management Cycle;
b) Strengthen the Commissioner-General's office to address the streamlining referred to above; and
c) Strengthen the Agency's relationships with host and donor governments.

An injection of international staff in these areas is essential if the Agency is to modernize and strengthen its management in order to achieve the aims of enhancing the Agency's ability to address the needs of the Palestine refugees.

33. As indicated above, two of the twenty posts will be funded by UN/NY as of 1 January, 2008. During the biennium, the other 18 posts are, or will be, funded using extra-budgetary resources contributed under the OD process. All twenty posts are included in the 2008-2009 budget in order to reflect the Agency's total staffing requirements for the biennium.

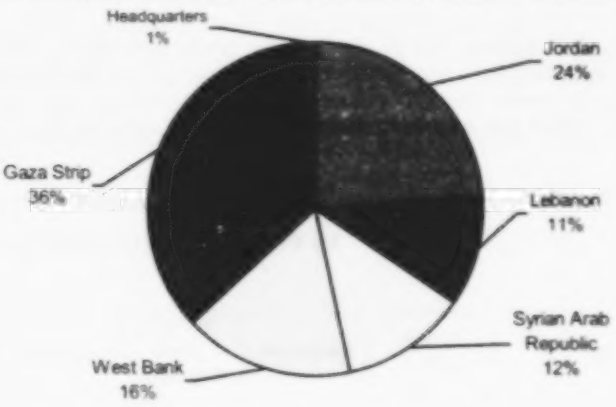
Table 7: Estimated Number of Area Staff at 31 December 2009

by Programme and Field

Programme	Gaza Strip	Lebanon	Syrian Arab Republic	Jordan	West Bank	Head-quarters	Total
Education	8,238	2,292	2,788	5,666	3,253	83	22,320
Health	1,619	599	588	1,306	887	14	5,013
Relief & Social Services	323	203	197	265	234	19	1,241
Microfinance & Microenterprise	124	20	82	52	125	0	403
Infrastructure & Camp Improvement	315	65	30	32	80	33	555
Support Services	851	335	271	277	662	315	2,711
Grand Total	**11,470**	**3,514**	**3,956**	**7,598**	**5,241**	**464**	**32,243**

Figure 4: Estimated Number of Area Staff at 31 December 2009, by Field

Field	
Gaza Strip	11,470
Lebanon	3,514
Syrian Arab Republic	3,956
Jordan	7,598
West Bank	5,241
Headquarters	464
Total	**32,243**



PROJECT BUDGET

34. Project funding has accounted for a considerable share of the Agency's income and expenditure in recent years. Projects form an integral part of programme activities and are the means by which a majority of the Agency's capital costs (for example, school construction and upgrading of health centres), as well as the costs related to environmental health improvements and shelter rehabilitation are funded.

35. The Project Budget has been prepared according to the Agency's generic priorities for project funding listed below. These generic priorities have equal standing; they have been numbered for reference purposes only.

a) Expansion, upgrading and major rehabilitation of primary education and health infrastructure;

b) Maximizing the economic potential and employment opportunities;

c) Development of camp infrastructure;

d) Enhancing capacity building including system management;

e) Achieving parity with the host authority standards;

f) Relieving hardship and providing essential support to vulnerable groups; and

g) Upgrading of installations including warehouses.

36. Figure 5 shows breakdown of the project budget by programme and Figure 6 shows how this budget is split among the fields. The project budget amounts to $56.8 million for the year 2008 and $57.6 million for the year 2009. These amounts represent 9.5 per cent of total budget volume for the biennium. With the exception of MMD recurrent costs of $14.2 million and MCSP recurrent costs of $ 0.2 million which are funded by the operations of the programme itself, the project budget represents unfunded activities.

Figure 5: Project Budget by Programme
(In thousands of United States dollars)

Programme	
Education	36,593
Health	7,584
Relief and Social Services	1,297
Microfinance and Microenterprise	28,857
Infrastructure and Camp Improvement	40,071
Total	**114,402**

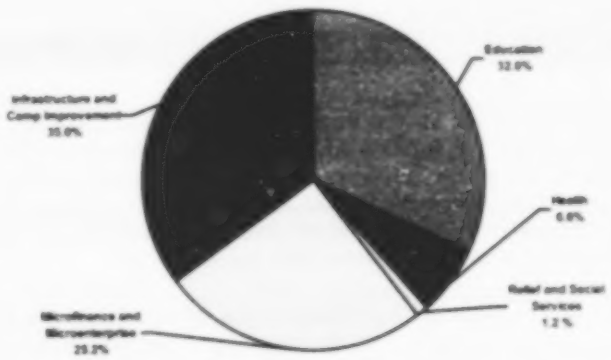
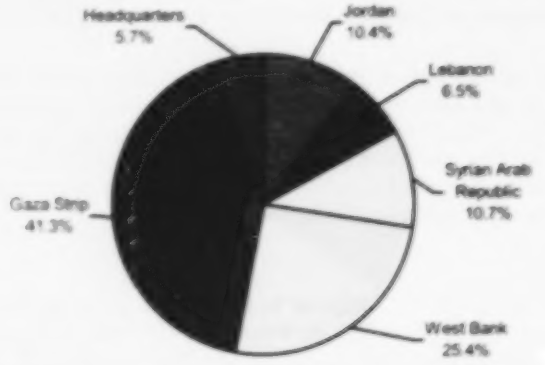


Figure 6: Project Budget by Field
(In thousands of United States dollars)

Field	
Gaza Strip	47,294
Lebanon	7,401
Syrian Arab Republic	12,201
Jordan	11,906
West Bank	29,107
Headquarters	6,493
Total	**114,402**



FINANCIAL SITUATION FOR 2006

37. The financial results for the fiscal year 2006 (see Table 8) clearly illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate of the provision of basic services to Palestine refugees. The funding gap for the regular budget amounted to $89.0 million and the projects budget experienced a shortfall of $74.6 million. The funding gap for the regular budget would have been $104.8 million if the exchange rate gains and the interest income were excluded from the total income.

Table 8: Funding Status of the Agency's Budget - 2006
(In thousands of United States dollars)

	Regular Budget	Projects	Emergency Appeal
Budget[1]	**474,184**	**150,466**	**173,139**
Contributions Income[2]	**369,340**	**75,904**	**149,932**
Funding Gap	**(104,844)**	**(74,562)**	**(23,207)**
Partially funded by other income[3]	**15,851**		
Net funding gap for the year	**(88,993)**		

1 The budget represents the original budget less Programme Support Costs (PSC) income in 2006 of $14.4 million.
2 Includes $18.8 million not received for the regular budget by 31 December 2006.
3 Other income consists of $8.833 million of exchange rate gains and $7.018 million interest income.

38. The 2006 Emergency Appeal was under-funded by $23.2 million.

39. The overall Agency-wide impact of under-funding in 2006 meant that UNRWA was unable to implement crucial activities totalling $202.6 million.

FINANCIAL OUTLOOK FOR 2007

40. Current projections of income and expenditure for 2007, shown in Table 9 below, indicate a funding gap for the regular budget of $100.2 million when comparing the net budgeted expenditure of $495.7 million with total expected income of $395.5 million (based on indicative estimates from donors and estimated interest income). Therefore, unless further contributions are forthcoming, the Agency will not be in a position to fully implement its budgeted activities in 2007.

Table 9: Income & Expenditure Forecast - 2007
(In thousands of United States dollars)

	Regular Budget	Projects	Emergency Appeal
Budget	**495,673**[1]	**135,855**	**246,160**
Projected Income	**395,519**[2]	**12,528**	**106,537**
Funding Gap	**(100,154)**	**(123,327)**	**(139,623)**

1 Original Budget of $505.7 million less Programme Support Costs (PSC) income in 2007 of $10 million.
2 See Table 11 for the 2007 income forecast by donor

EXPECTED FUNDING GAP

41. Current projections of income and expenditure for 2008, shown in Table 10 below, indicate a funding gap for the Regular Budget of $148.7 million when comparing the budgeted expenditure of $544.6 million with total expected income of $395.9 million (based on indicative estimates from donors as well and forecast PSC recoveries).

Table 10 – The expected funding gap - 2008
(In thousands of United States dollars)

	Regular Budget
Total Budget	**544.6**
Projected Income	**395.9**[1]
Funding Gap	**(148.7)**

1 See Table 11 for the 2008 income forecast by donor

42. Activities and sub-programmes that will be implemented in the event that the Agency receives funding in excess of that estimated during the year have been presented to the Agency's Advisory Commission. These activities and sub-programmes have been ring-fenced until such time as adequate funding is received to implement them. Should additional funds be received, they will be allotted to activities or sub-programmes by reference to the Agency's Programme Strategy.

43. Income projections, by donor for 2007 and 2008 appear in Table 11 below.

Table 11: Income Projections for the General Fund - 2007 and 2008
(in thousands of United States dollars)

Donor	Projected Income 2007	Forecast Income 2008	Donor	Projected Income 2007	Forecast Income 2008
European Commission	99,244	93,300	**Sub-total b/f**	**365,136**	**354,170**
United States	82,711	79,650	Miscellaneous	2,282	4,000
United Kingdom	29,470	35,260	Australia	3,559	3,230
Sweden	33,535	33,500	Germany	3,129	2,970
Norway	23,923	23,900	Japan	2,700	2,700
United Nations	20,117	20,600	Luxembourg	2,517	2,500
Netherlands	15,858	15,770	Kuwait	1,500	1,500
Canada	12,931	13,000	Belgium	1,301	1,300
Denmark	10,920	11,670	Austria	1,014	1,000
Spain	8,333	8,300	Middle East	860	1,000
France	7,134	7,150	New Zealand	687	680
Switzerland	6,557	6,960	Saudi Arabia	600	600
Italy	5,376	6,500	Other Income	234	
Finland	4,098	4,000	PSC recoveries	10,000	10,000
Ireland	4,929	4,900			
Sub-total c/f	**365,136**	**354,170**	**Grand Total**	**395,519**	**395,940**

SOURCES OF FUNDING

44. UNRWA does not have a system of assessed contributions. With the exception of a relatively small number of international posts provided by the UN regular budget, UNRWA's budget depends overwhelmingly upon voluntary contributions from governments, inter-governmental and non-governmental bodies and non-monetary assistance of host authorities. Consequently, resource mobilization is of critical importance to UNRWA. It has become increasingly so in recent years during which the Agency's core income has stagnated. The Agency's donor base is narrowly constructed with over 92 per cent of its regular budget in 2006 being provided by the top 15 donors. Furthermore, a comparison of the top ten donors' performance between 2001 and 2007 shows that only five have increased their contributions during the period. Other donors have maintained or decreased their levels of contributions. This has happened at a time when both expectations and demands upon the Agency have risen to meet the needs of a growing refugee population, maintain standards commensurate with those operational in host authorities as well as coping with the challenge of service delivery within a highly volatile region.

45. To ensure the most effective use of the limited resources available for fundraising, UNRWA has recently developed a Resource Mobilisation Strategy to direct efforts and resources over the next two biennia. The objectives of the Strategy are to:

a) Increase contributions from donors to the General Fund to meet the targets set by the Regular Budget of $544.6 million in 2008 and $548.6 million in 2009;

b) Make the financing of UNRWA's activities more predictable by pursuing multi-year funding agreements;

c) Broaden the donor base in the governmental and non-governmental sectors, particularly in the Gulf region;

d) Seek alternative sources of human resources to fill gaps in the Agency's international staffing; and

e) Enhance the Department of External Relations coordination of fundraising activity with the active involvement of a wide range of Agency actors.

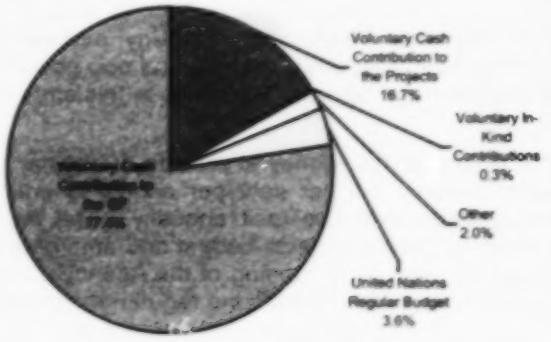
46. The Resource Mobilization Strategy addresses actions to be directed towards increased funding from both governmental and non-governmental sources and considers the mobilization of in-house and external resources to this end.

47. The ability of the Agency to provide its regular services to a clientele population that grows at approximately 2.5 per cent per annum is entirely dependent on sufficient voluntary funding being made available to it annually. The Agency is also dependent on additional funding earmarked for its projects budget and emergency operations. Figures 7 and 8 below show the expected sources of funding of the Agency's total budget volume for the years 2008 and 2009 respectively, including both the regular and projects budgets.

FIGURE 7: FUNDING OF TOTAL BUDGET VOLUME - 2008

(Cash and In-Kind, in thousands of United States dollars)

Voluntary Cash Contribution to the GF	512,104
Voluntary Cash Contribution to the Projects[1]	50,000
Voluntary In-Kind Contributions	1,892
United Nations Regular Budget[2]	24,424
Other	13,030
Total	**601,450**


Voluntary Cash Contribution to the Projects 16.7%
Voluntary In-Kind Contributions 0.3%
Other 2.0%
United Nations Regular Budget 3.6%

[1] Excludes MMD and MCSP recurrent costs of $6.8 million which are funded by the operations of the programme itself.

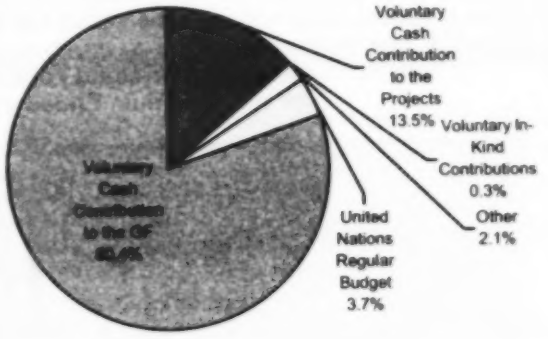
[2] Includes $3.75 million for 20 international posts of which only two will be covered from the UN regular budget.

The total budget does not include the Organization Development budget of $10.5 million.

FIGURE 8: FUNDING OF TOTAL BUDGET VOLUME - 2009

(Cash and In-Kind, in thousands of United States dollars)

Voluntary Cash Contribution to the GF	515,309
Voluntary Cash Contribution to the Projects[1]	50,000
Voluntary In-Kind Contributions	2,002
United Nations Regular Budget[2]	25,137
Other	13,756
Total	**606,204**


Voluntary Cash Contribution to the Projects 13.5%
Voluntary In-Kind Contributions 0.3%
Other 2.1%
United Nations Regular Budget 3.7%

[1] Excluding MMD and MCSP recurrent costs of $7.6 million which are funded by the operations of the programme itself.

[2] Includes $3.75 million for 20 international posts of which only two will be covered from the UN regular budget.

The total budget does not include the Organization Development budget of $10.5 million

48. Voluntary contributions will be requested to cover about 93.7 per cent of total budget volume for 2008-2009, of which 85.1 per cent are cash contributions to the General Fund, 8.3 per cent of cash receipts to fund projects, and about 0.3 per cent constitute in-kind contributions.

49. The funding of 115 international posts from the United Nations regular budget accounts for about four per cent annually of total budget volume. The remaining two per cent of other income is derived from the following sources:

a) Interest income and miscellaneous income in the range of $5 million per annum;

b) Income of $6.8 million in 2008 and $7.6 million in 2009 for MMD and MCSP from credit activities covers the programmes' recurrent costs making them self-funding; and

c) Funding of six staff posts (two international and four area posts) by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and four posts (two international and two area posts) by the World Health Organization (WHO) as part of their technical assistance to the Education and Health programmes, respectively with $1.2 million per annum (Millennium Development Goal 8).

IMPLEMENTATION OF RECOMMENDATIONS OF THE UNITED NATIONS BOARD OF AUDITORS (UNBOA)

50. Table 12 illustrates the current status of the UNBOA recommendations made to UNRWA in their report for the year ended 31 December 2005. The Agency is committed to implementing the recommendations as part of its overall strategy to improve processes and enhance transparency within the organization.

51. Of the five recommendations not implemented, two are addressed under the OD initiative, one is at the proposal stage and implementation has been initiated for the remaining two.

Table 12: Implementation Status of the UNBOA Recommendations for the Biennium Ended 31 December 2005

Department	Number of Recommendations	Withdrawn by UNBOA	Implementation Status		
			Implemented	Under Implementation	Not Implemented
Finance	3		3	-	-
Department of Administrative Support:					
Information Systems Division	11		5	3	3
Procurement & Logistics Division	4		3	1	-
Department of Operational Support	5		-	5	-
Department of Human Resources	7		1	4	2
Microfinance & Micro-enterprise Department	2		2	-	-
Department of External Relations	1		-	1	-
Provident Fund Secretariat	1	1	-	-	-
TOTAL	**34**	**1**	**14**	**14**	**5**

Chapter II
Education programme

GOAL

52. The Agency's education programme seeks to impart Palestine refugees with the requisite knowledge base and skill-set that will develop their human potential and enable them to become self-reliant, productive members of their communities. The Agency's Department of Education aims to fulfil this mission through its four main programmes: school development; technical and vocational education and training; institute of education (teacher training); and education planning and management. Education services are currently provided through 666 UNRWA schools and eight vocational training centres staffed by more than 18,500 teachers and attended by more than 485,000 pupils.

OBJECTIVES

53. To provide and improve access to quality education and learning opportunities, in line with host authorities' education systems, for Palestine refugee children and youth at the basic level. The Agency also provides secondary level education in Lebanon field.

54. To provide, improve and optimize vocational and technical education for young Palestine refugees to enhance their opportunities for employment and economic independence.

55. To provide, improve and optimize pre-service teacher education to increase the pool of qualified teachers for prospective recruitment as UNRWA teaching staff.

56. To enhance capacity building for technical and administrative education staff at all levels in line with School as a Focus for Development (SFD) including Quality Assurance Framework (QAF) and Management Development (MD).

57. To ensure equity and equality of access to quality learning for children with special educational needs (SEN).

58. To foster and promote amongst teaching staff and students the awareness and understanding of human rights, conflict resolution and tolerance.

59. To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within systems-wide strategies.

STRUCTURE

60. The structure of the Education Programme is as follows:

a) **School Development Division**
Elementary and Preparatory Education
Secondary Education (Lebanon)

b) Technical and Vocational Education and Training Division
Placement and Career Guidance
Vocational and Technical Education

c) Institute of Education
Pre-Service
In-Service

d) Education Planning and Management Division
Programme Management

FINANCIAL RESOURCES

Table 13: Education Programme Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

Programme	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	% Variance
EDUCATION PROGRAMME				
School Development				
Elementary and Preparatory Education	364,845	428,897	473,938	10.5
Secondary Education (Lebanon)	3,822	6,380	10,626	66.6
Sub-total	**368,667**	**435,277**	**484,564**	**11.3**
Technical and Vocational Education and Training				
Placement and Career Guidance	163	167	217	29.9
Vocational and Technical Education	31,581	43,440	39,533	(9.0)
Sub-total	**31,744**	**43,607**	**39,750**	**(8.8)**
Institute of Education				
Pre-Service	2,180	2,867	3,676	28.2
In-Service	1,679	1,590	2,359	48.4
Sub-total	**3,859**	**4,457**	**6,035**	**35.4**
Education Planning and Management				
Programme Management	13,212	17,097	34,778	103.4
Sub-total	**13,212**	**17,097**	**34,778**	**103.4**
Total Regular Budget	**417,482**	**500,438**	**565,127**	**12.9**
Project Budget	**7,590**	**67,115**	**77,049**	**14.8**
Emergency Appeal Budget	**8,255**	-	-	-
Grand Total	**433,327**	**567,553**	**642,176**	**13.1**

Chapter III
Health programme

GOAL

61. Under the close technical supervision of the World Health Organization, the Department of Health is responsible for programme implementation with special emphasis on maternal and child health and disease prevention and control through an integrated primary health care approach. Health services are provided through 127 UNRWA health clinics serving approximately 9 million patient visits per year.

OBJECTIVES

62. To maintain the sustainable investment achieved in women's and children's health and to further reduce infant, child and maternal mortality by providing comprehensive primary health care.

63. To improve refugee access to quality of medical services by increasing the focus on good management and results-based best practices to ensure relevance and cost effectiveness of the services.

64. To prevent breakdowns in service delivery during crisis by applying Standard Operating Procedures (SOPs) and timely follow-up of Assessment Reports.

65. To improve coverage to non risk pregnancies and cancer patients according to standardized protocols.

66. To decrease the burden of death and disability caused by communicable diseases, such as tuberculosis, HIV/AIDS and the emerging avian flu, and non-communicable diseases, particularly diabetes mellitus and cardiovascular diseases by implementing primary prevention and secondary prevention.

67. To improve environmental health conditions in refugee camps by ensuring safe-water supply, solid waste management and vector control.

68. To develop, direct, monitor and evaluate the Agency's health care programme, enhance its institutional capacity and streamline its policies and strategies consistent with the progress achieved by public health sector services of the host authorities guided by the health information system and operational research.

STRUCTURE

69. The Health Programme comprises the following five sub-programmes and 12 areas of work, while the Health Information system is integrated into all programmes.

a) **Health Protection and Promotion**
   - Maternal Health and Child Health Services
   - School Health
   - Supplementary Feeding
   - Mental Health
   - Disability Screening and Rehabilitation

b) **Medical Care Services**
- Outpatient Medical Care
- Laboratory Services
- Oral Health Services
- Hospital Services
- Emergency Preparedness

c) **Disease Prevention and Control**
- Communicable Diseases
- Non-Communicable Diseases

d) **Environmental Health**
- Open Sewerage and Drainage Channels
- Solid Waste Collection and Disposal
- Water Quality Control

e) **Programme Management**

FINANCIAL RESOURCES

Table 14: Health Programme Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

Programme	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	% Variance
HEALTH PROGRAMME				
Health Protection & Promotion				
Maternal Health and Child Health Services	5 314	6 206	7 937	27.9
School Health	1 061	1 158	1 181	2.0
Supplementary Feeding	5 267	10 258	8 971	(12.5)
Mental Health	2 294	4 830	6 901	42.9
Disability Screening and Rehabilitation	1 568	1 744	2 165	24.1
Health Protection & Promotion Total	**15 504**	**24 196**	**27 155**	**12.2**
Medical Care Services				
Outpatient Medical Care	45 923	55 343	70 555	27.5
Laboratory Services	4 386	5 199	7 694	48.0
Oral Health Services	4 132	5 503	7 411	34.7
Hospital Services	22 708	25 635	37 746	47.2
Medical Care Services Total	**77 149**	**91 680**	**123 406**	**34.6**
Disease Prevention & Control				
Communicable Diseases	-	-	2 440	-
Non-Communicable Diseases	9 882	11 678	13 726	17.5
Disease Prevention & Control Total	**9 882**	**11 678**	**16 166**	**38.4**
Environmental Health				
Open Sewerage and Drainage Channels	226	846	437	(48.3)
Solid Waste Collection and Disposal	19 863	23 218	27 654	19.1
Water Quality Control	1 516	1 577	2 359	49.6
Environmental Health Total	**21 605**	**25 641**	**30 450**	**18.8**
Programme Management	**6 648**	**7 014**	**14 365**	**104.8**
Total Regular Budget	**130 788**	**160 209**	**211 542**	**32.0**
Project Budget	**20 921**	**51 675**	**15 786**	**(69.5)**
Emergency Appeal Budget	**12 189**	**13 661**	**-**	**-**
Grand Total	**163 898**	**225 545**	**227 328**	**0.8**

Chapter IV
Relief and social services programme

GOAL

70. The Agency provides eligible refugees a range of services including food support, shelter rehabilitation, and selective cash assistance for special hardship cases. Currently approximately 250,000 persons are benefiting from the cyclical assistance under the special hardship case programme. In additional community support services promote self- reliance among less advantaged members of the refugee community, in particular women, youth and the physically and mentally disabled. During emergencies, assistance will be extended to affected communities as a temporary measure as donor support allows.

OBJECTIVES

71. To alleviate poverty among the most vulnerable within the Palestine refugee community, by introducing internationally recognized eligibility criteria, constructing field and family-specific absolute and abject poverty lines, and re-shaping and directing safety net assistance, as a matter of top priority, to those living in abject poverty (i.e. food insecure). This poverty-based approach will provide a more effective mechanism (via proxy means test formulas) by which to identify those living in the lowest deciles of poverty and will link short-term relief to longer term human development needs.

72. To ease the immediate plight of the most destitute eligible registered persons, including family members of registered refugee women married to non-refugee husbands (MNRs), through basic subsistence support, with the gradual closing of the gap in safety net provisions between those of the host authorities and UNRWA.

73. To promote and facilitate community-based activities which creates social, cultural, economic or educational opportunities and provides services for women, the elderly, children, youth and persons with disabilities.

74. To promote the institutional capacity of community-based organizations (CBOs) through training and technical assistance, to enhance refugee empowerment and participation in the formulation and implementation of social services for vulnerable groups in their communities.

75. To improve the quality and effectiveness of the Microcredit Community Support Programme (MCSP) by focusing most assets on indirect credit provision through community-based lending (via CBOs).

76. To improve the efficiency and effectiveness of service delivery to Special Hardship Case (SHC) families through reduction in social worker case loads, the operationalization of the generalist approach to social work, the introduction of social work specialists/clinical supervisors, systematic in-service training and the improvement of overall working conditions.

77. To identify SHC families who have lost their homes or who live in sub-standard housing as a result of chronic poverty or other circumstances and to ensure their shelter needs are addressed through UNRWA's Department of Infrastructure and Camp Improvement.

78. To assist families, on a case-by-case basis, with small-scale emergency needs during family-specific economic or humanitarian crises.

79. To mobilize large-scale emergency disaster responses (particularly food aid and cash assistance) as needed, in cooperation with other Agency programmes and local/international efforts.

80. To computerize the records of approximately 4.8 million registered persons on new web-based information technology and create an integrated refugee database utilizing available refugee profile input from Agency programmes.

STRUCTURE

81. The structure of the Relief and Social Services Programme is as follows:

a) **Relief Services**
   Food and Cash Support
   Selective Cash Assistance

b) **Eligibility and Registration Unit**

c) **Relief and Social Services Information System Unit**

d) **Social Services**
   Community Development and Microcredit Community Support Programme
   Women's Programme
   Disability Programme
   Children and Youth Programme

e) **Programme Management**

FINANCIAL RESOURCES

Table 15: Relief and Social Services Programme Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

Programme	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	% Variance
RELIEF & SOCIAL SERVICES PROGRAMME				
Relief Services	**55,910**	**64,685**	**78,505**	**21.4**
Eligibility and Registration	**2,503**	**2,676**	**3,980**	**48.7**
Relief and Social Services Information System	**-**	**-**	**295**	**-**
Social Services				
Community Development and Microcredit	2,300	2,023	4,734	134.0
Community Support Programme				
Women's Programme	1,074	1,251	1,854	48.2
Disability Programme	2,203	2,599	3,357	29.2
Children and Youth Programme	189	181	649	258.6
Sub-total	**5,766**	**6,054**	**10,594**	**75.0**
Programme Management	**3,460**	**4,181**	**13,590**	**225.0**
Total Regular Budget	**67,639**	**77,596**	**106,874**	**37.7**
Project Budget	**6,712**	**9,674**	**2,931**	**(69.7)**
Emergency Appeal Budget	**100,159**	**180,246**	**-**	**-**
Grand Total	**174,510**	**267,516**	**109,805**	**(59.0)**

Chapter V
Microfinance and microenterprise programme

GOAL

82. The Microfinance and Microenterprise Department (MMD) promotes economic development and alleviates poverty. This is achieved through the provision of credit for enterprise, household consumption and housing needs that will improve the quality of life of households, small business owners and microentrepreneurs, sustain jobs, decrease unemployment, reduce poverty, empower women and provide income-generating opportunities for Palestine refugees and other proximate poor and marginal groups. The programme operates through a network of branch offices in the West bank, the Gaza Strip, Jordan and the Syrian Arab Republic. These offices are self-sustaining through the generation of income required to meet branch operating costs.

OBJECTIVES

83. To provide enterprise, consumer and housing credit on a scale that is large enough to have significant and measurable impact on the lives of the poorest.

84. To provide operationally self-sufficient and sustainable credit in a cost-effective manner through targeting financial services in poorer urban areas with a high concentration of commercial, service and industrial businesses. Areas will be selected primarily on the basis of having highly a localised density of Palestine refugees.

85. To develop and expand the programme through adhering to international standards of outreach and efficiency so that the programme can be benchmarked and assessed against other practitioner institutions. The programme strives to achieve the best practices of the emerging microfinance industry through its participation in local and regional microfinance networks by adopting the standards and practices established for the industry by such institutions as the Consultative Group to Assist the Poorest, the United States Agency for International Development, the Microfinance Network, Sanabel, Calmeadow Foundation and Accion International.

86. To meet the emerging standards for business training and business development services (BDS), where all the direct costs of training are met from participation fees and only the overhead and administrative costs are subsidised from donor contributions.

87. To open up the prospect of savings to poor refugees other marginal groups that do not have access to the banking sector because they are unable to meet the minimum deposit requirements.

STRUCTURE

88. The programme structure of the Microfinance and Microenterprise Department is as follows:

a) **Microenterprise Credit (MEC)**
b) **Solidarity Group Lending (SGL)**
c) **Small-Scale Enterprise (SSE)**

d) **Consumer Lending (CLP)**
e) **Housing Loan (HLP)**
f) **Safe-savings Deposits (SSD)**
g) **Small and Microenterprise Training (SMET) (Gaza Strip only)**
h) **Programme Management**

FINANCIAL RESOURCES

Table 16: Microfinance and Microenterprise Department Resource Requirements by Activity
(In thousands of United States dollars)

	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	% Variance
Total Recurrent Projects	**5,511**	**8,926**	**14,237**	**59.5**
Total Unfunded Projects	**88**	**22,755**	**29,548**	**29.9**

Chapter VI
Infrastructure and camp improvement programme

GOAL

89. The Infrastructure and Camp Improvement Programme was established in 2006 to improve the living conditions of Palestine Refugees by efficiently providing adequate physical and social infrastructure.

OBJECTIVES

90. To improve the quality of life for camp residents living in substandard habitat by means of integrated social and physical action which promotes environmentally and socially sustainable neighbourhoods in accordance with strategic camp development plans.

91. To promote an appealing and healthy urban environment for Palestine refugees through the provision of well maintained water, wastewater and electricity infrastructure along with universally accessible road and footpath networks.

92. To ensure that all UNRWA facilities are efficiently planned, designed, constructed and maintained in order to meet the physical infrastructure needs of both Palestine refugees and the Agency.

STRUCTURE

93. The structure of Infrastructure and Camp Improvement Programme is as follows:

a) **Design, Implementation Monitoring and Evaluation**
b) **Environmental Infrastructure**
c) **Housing and Camp Improvement**
d) **Programme Management**

FINANCIAL RESOURCES

Table 17: Infrastructure and Camp Improvement Programme Resource Requirements by Activity
(Cash and In-Kind, in thousands of United States dollars)

Programme	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	% Variance
INFRASTRUCTURE AND CAMP IMPROVEMENT PROGRAMME				
Design, Implementation Monitoring and Evaluation	6,871	8,386	10,597	26.4
Environmental Infrastrcture	-	-	793	-
Housing and Camp Improvement	253	521	8,687	-
Programme Management	-	236	1,036	339.0
Total Regular Budget	7,124	9,143	21,313	133.1
Project Budget	-	-	81,339	-
Grand Total	7,124	9,143	102,652	1,022.7

Chapter VII
Support departments

GOAL

94. The support departments maintain the functioning of the Agency through sound legal support, cost-effective and efficient management, policy analysis and formulation, effective fund-raising and outreach to external interlocutors. Support departments provide the appropriate supervision and support required by the Agency and its Programmes.

OBJECTIVES

95. To ensure that UNRWA is a fair and responsible employer.

96. To ensure overall programme strategy coheres with the Agency mandate as well as the needs and desires of the beneficiary population.

97. To implement a three-year Agency-wide plan for organizational reform.

98. To effectively manage the Agency's financial resources, ensuring accountability and transparency.

99. To provide policy advice to the Commissioner-General.

100. To provide legal advice and support, particularly concerning matters of international law.

101. To maintain productive relationships with donors, governments and other stakeholders, and increase financial support to the Agency.

102. To promote the Agency's work internationally and locally.

103. To ensure all staff understand and support the Agency's mandate and mission.

104. To strengthen cooperation with other UN agencies and other international actors.

105. To establish a quality assurance function aimed at enhancing customer satisfaction through effective communication, reliability, timeliness and cost effectiveness of the operational and support services in Information and Communications Technology (ICT), procurement and administration.

106. To continue to implement further reforms and integration in the areas of procurement and logistics and ICT, and admin services to ensure that the provision of services achieves full effectiveness and best value for money.

107. To reinforce the Organizational Development process through supporting the field operations in streamlining and integrating their support functions.

108. To provide general administrative services which are integrated, streamlined and implemented Agency-wide.

STRUCTURE

109. The structure of the Support Departments is as follows:

a) Commissioner-General's Office
b) Operational Support
c) Human Resources

d) Administrative Support
Administrative Services
Procurement
Information Systems

e) Financial Services
f) Legal Affairs
g) Internal Oversight Services
h) External Relations (including the Advisory Commission (Ad Com) Secretariat and Representative Offices)
i) Office of the Spokesperson

FINANCIAL RESOURCES

Table 18: Support Departments Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

Programme	2004-2005 Expenditure	2006-2007 Appropriation	2008-2009 Estimate	% Variance
SUPPORT DEPARTMENT				
Commissioner-General's Office	3,785	3,860	4,965	28.6
Operational Support	1,799	2,727	4,697	72.2
Human Resources	14,419	18,715	25,410	35.8
Administrative Services	22,724	28,310	31,911	12.7
Procurement	30,871	23,373	35,370	51.3
Information Systems	5,530	6,343	13,450	112.0
Financial Services	9,566	12,368	11,038	(10.8)
Legal Affairs	3,367	4,069	4,641	14.1
Internal Oversight Services	1,928	2,384	2,972	24.7
External Relations, AdCom Secretariat and Representative Offices	4,500	5,514	7,757	40.7
Office of the Spokesperson	1,987	2,384	3,171	33.0
Total Programme	**100,476**	**110,047**	**145,382**	**32.1**
Contingency Requirements	-	-	2,858	-
Area Staff Separation Benefits	-	-	10,156	-
Salary Increase Reserve	-	-	30,000	-
Sub-total	**-**	**-**	**43,014**	**-**
Total Regular Budget	**100,476**	**110,047**	**188,396**	**71.2**
Project Budget	**8,498**	**753**	**-**	**-**
Emergency Appeal Budget	**64,242**	**147,738**	**-**	**-**
Grand Total	**173,216**	**258,538**	**188,396**	**(27.1)**

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